

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 21, 2007**  
**Executive Summary**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

*Prepared by Sarah Lester*

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**Applicant:** County of Alameda

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**Contact Information:**

**Name:** Michelle Starratt  
**Address:** 224 W. Winton Avenue, Room 108  
Hayward, CA 94544  
**Phone:** (510) 670-5207

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**Allocation Amount Requested:** \$8,000,000      **Converted MCC Authority:** \$2,000,000

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**Applicant's Fair Share Amount:** \$5,664,060      **Converted MCC Authority:** \$1,416,015

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**Participating Jurisdictions:**

Cities of Alameda, Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Pleasanton, San Leandro, Union City and the unincorporated areas of the County of Alameda.

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**Allocation Information:**

**Date MCCs will be advertised:** March 1, 2007  
**Expected date of issuance of first MCC:** May 30, 2007  
**Program Status:** Existing program  
**Certificate tax credit rate:** 15%

**Type of housing units to be assisted/average mortgage amount:**

New construction units: 10 units (49%) with an average mortgage amount of \$375,000  
Existing resale units: 11 units (51%) with an average mortgage amount of \$357,143  
Rehabilitation units: 0 units (0%) with an average mortgage amount of \$0  
Totals units: 21 units with an average mortgage amount of \$365,646

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**Past Performance:**

The Applicant indicates that 27 MCCs were issued in 2006, of which 16 (59%) were issued to households with income at or below 80% of the area median income. This satisfies the 2006 minimum performance requirement that at least **40%** of the program participants are lower-income households.

The application indicates the applicant expects to meet the 2007 minimum performance requirement that at least **40%** of program participants will be lower-income households.

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**Recommendation:**

Staff recommends that the Committee approve a reduced amount of \$5,664,060 in tax-exempt bond allocation, which is the Applicant's 2007 fair share amount.

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**March 21, 2007**  
**STAFF REPORT**  
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**Totals units:** 21 units with an average mortgage amount of \$365,646

**The above numbers of units are:**  estimates  
 actual requirements imposed by the Issuer

**DESCRIPTION OF PROPOSED PROGRAM:**

- ***Population to be served by the proposed Program (family size, income levels, etc.):***  
The Applicant states that the population to be served is as diverse as the population of the county as a whole. All ethnicities and families from one person to six in number have participated in the past and will continue to participate. It is further stated that approximately one half of the overall Program participant households have income levels at or below 80% of the area median income adjusted for family size.
- ***Estimated number of first-time homebuyers to be assisted:*** 21  
However, based on the information contained in the application, the County's fair share amount will provide approximately 26 MCCs.
- ***Housing stock to be purchased (types, unit sizes, etc.):***  
According to the Applicant, the housing stock to be purchased will primarily be either existing single-family homes or new and existing condominiums, ranging in size from 800 square feet for a condominium or town home up to 1,200 square feet for a single family home. The applicant indicates that the overall high price of housing in most areas of the County limit the selection of eligible homes for first time homebuyers.
- ***Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:***  
The program will reserve 15% of the certificates for federally designated target areas and 40% for families with incomes of at or below 80% of the area median income adjusted for family size.
- ***Expected duration MCCS will be available and anticipated monthly rate of issuance:***  
According to the Applicant, MCCs will be available for two years and states that the actual issuance rates are affected by the broader market conditions such as increases in sales prices, mortgage interest rates and other economic conditions. However, based on the County's fair share amount and the information contained in the application, it is anticipated that MCCs will be issued at a rate of approximately 1 to 2 MCCs per month.
- ***Other homebuyers assistance programs offered by participating jurisdiction(s):***  
According to the Applicant, cities throughout the County are providing direct assistance to qualified first time homebuyers in conjunction with the MCC Program. Direct loans (as secured second deeds of trust) are available to assist in meeting down payment requirements to defray closing costs in some cities in Alameda County.
- ***Any other features unique to the proposed Program:***  
None indicated.

**PURCHASE PRICE INFORMATION:**

**The proposed maximum limits are:**

<u>Unit Type</u>	<u>Average Area Purchase Price*</u>	<u>Non-Target Area Maximum Purchase Price</u>	<u>Target Area Maximum Purchase price</u>
New Units	\$658,628	\$592,765	\$592,765
Existing Units	\$632,925	\$569,632	\$569,632

\*This is established by (check one):  
 IRS safe harbor limitations  
 As determined by special survey  
 (See application attachment "H" attached)

**Expected average sales prices of the estimated units to be assisted:**

New units	\$592,765
Existing units	\$569,632
Rehabilitated units	Not Applicable

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based: \$86,300**

**Applicable standard that defines the area median income:**

HUD statewide median  
 HUD county MSA median  
 Local median as determined by a special study  
 (See application attachment "I" attached)

**Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s): 15%**

**Proposed maximum income limits:**

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$86,300	\$103,650
3+ persons	\$99,245	\$120,820

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

<u>Year</u>	<u>Amount of Allocation Awarded</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Status of Outstanding MCC Authority</u>
2003	\$16,192,076	\$12,321,370	41	\$ 967,676
2004	\$15,745,994	\$ 9,460,149	27	\$1,571,461*
2006	\$ 6,142,972	\$0	0	\$0**

\* Outstanding MCC Authority Expired December 31, 2006.

\*\* The Applicant failed to make the election to convert its 2006 allocation by the date specified in the Committee's Resolution, therefore, the 2006 allocation was reverted back to the Committee. Without this 2007 allocation, the Applicant would not have an MCC Program to administer.

According to the applicant, due to the high cost area, it has become more difficult to find qualified homebuyers who meet the income requirements and can find a home within their purchasing power. The applicant states, that in order to qualify more households, they are working towards an increase of the credit from 15% to 20%. The applicant indicates that this will give MCC qualified buyers more purchasing power.

Pursuant to CDLAC Procedures Section 18.I.E.1.,2., the Applicant has:

1. Demonstrated that no Mortgage Credit Certificate authority from the year two years prior to the current year has been unused (other than minor amounts not to exceed \$1 million); and
2. Certified that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate Authority.

**RECOMMENDATION:**

Staff recommends that the Committee approve a reduced amount of \$5,664,060 in tax-exempt bond allocation to the County of Alameda for the Mortgage Credit Certificate Program. This is a portion of the Applicant's 2007 fair share amount.

Prepared by Sarah Lester.